

**RUSSELL 150 COMMUNITY DEVELOPMENT AUTHORITY**

**Meeting Notice and Agenda  
Monday, March 30, 2015 – 2:00 p.m.**

**Meeting Notice:** The Russell 150 Community Development Authority will meet on Monday, March 30, 2015 at 2:00 p.m. in the Closed Session Room, Board of Supervisors Meeting Room, County Administration Building, 107 N. Kent Street, Winchester, Virginia 22601.

**Agenda:**

CALL TO ORDER

ACTION ITEMS

- (1) Election of Officers  
**Current Officers:**  
Chairman – John Marker  
Vice-Chairman – Whitney Wagner  
Secretary/Treasurer – Frank Brumback
- (2) Approval of Minutes of September 4, 2014 Meeting.
- (3) Special Assessment Update from Muni-Cap.
- (4) Approval of Special Assessment Roll.
- (5) Other Matters As May Be Brought Before the Board

ADJOURNMENT

**Russell 150 Community Development Authority**  
**September 4, 2014**

A meeting of the Russell 150 Community Development Authority was called to order on September 4, 2014 in the Board of Supervisors Closed Session Room, 107 North Kent Street, Winchester, Virginia, at approximately 2:00 p.m.

CDA Board Members present:       John Marker  
  Whitney "Whit" Wagner  
  Frank Brumback  
  Scot Marsh

CDA Board Members absent:       Walter Aikens

Also present were: John R. Riley, Jr., County Administrator; Jay E. Tibbs, Deputy County Administrator; Roger Wiley, Hefty & Wiley, PC, Counsel to the CDA; and Faizan Habib, MuniCap.

Mr. Marker called the meeting to order.

Upon a motion by Mr. Wagner, seconded by Mr. Brumback, the minutes from the July 9, 2014 meeting were unanimously approved.

The next agenda item was the consideration of proposal from Rutherford & Johnson, P.C. to provide billing and collection services for the CDA. Upon a motion by Mr. Wagner, seconded by Mr. Marsh, the CDA accepted the billing and collection services proposal from Rutherford and Johnson, P.C.

Mr. Faizan Habib provided the CDA with a special assessment update from Muni-Cap for tax year 2014. The annual installment totaled \$352,448 for 2014.

Upon a motion by Mr. Wagner, seconded by Mr. Marsh, the CDA approved the special assessment roll for the 2014 tax year.

The above motion was approved by the following recorded vote:

John Marker	Aye
Whit Wagner	Aye
Frank Brumback	Aye
Scot Marsh	Aye
Walter Aikens	Absent

There being no further business, the meeting was adjourned at 2:30 p.m.

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John Marker, Chairman

**RUSSELL 150  
COMMUNITY DEVELOPMENT AUTHORITY  
SPECIAL ASSESSMENT BONDS SERIES 2007**

**Levy of Annual Assessments  
2015 Tax Year**

Prepared By:

**MUNICAP, INC.**

February 2, 2015

**RUSSELL 150  
COMMUNITY DEVELOPMENT AUTHORITY  
SPECIAL ASSESSMENT REVENUE BONDS**

**Introduction**

The Russell 150 Community Development Authority (CDA) was created pursuant to Article 6 of Chapter 51 of Title 15.2 of the Code of Virginia of 1950, as amended (the “Act”), and an Indenture of Trust between the CDA and Regions Bank (the “Trustee”), dated May 1, 2007. The bonds are to be repaid from the Special Assessments, which have been imposed on each parcel of Assessed Property in the CDA.

Series 2007 Bonds (the “Bonds”) have been issued in the amount of \$21,155,000, which have been secured with the Special Assessments. The Special Assessments levied are equal to the interest and principal on the Bonds and estimated administrative expenses related to the bonds. The Special Assessments are to be collected each year as the Annual Installment. The Annual Installment for each year is shown in the Assessment Roll, attached hereto as Appendices A-1, which is to be updated each year.

The balance of this report explains the methodology employed to calculate the Annual Installment to be collected in the CDA for the 2015 Tax Year and to update the Assessment Roll. An explanation follows of the projected expenses of the CDA and the source of funds available to pay the expenses.

**Trustee Accounts**

The trustee for the Series 2007 Bonds is Regions Bank. The account balances as of December 1, 2013, additional proceeds, disbursements, interest paid, and account balances as of November 30, 2014, are shown by the following table:

**Table A  
Fund Balances**

	<b>Balance as of 12/1/2013</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Interest Paid</b>	<b>Ending Balance as of 11/30/2014</b>
Bond Fund, Interest Account	\$0	\$383,163	\$383,163	\$0	\$0
Bond Fund, Principal Account	\$0	\$113,000	\$113,000	\$0	\$0
Administrative Expense Fund	\$0	\$18,055	\$18,055	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$514,218</b>	<b>\$514,218</b>	<b>\$0</b>	<b>\$0</b>

- Additional proceeds to the Interest Account represent deposits made by the Property Owner for the payment of debt service on the bonds.
- Additional proceeds to the Principal Account represent deposit made with the Trustee by the Property Owner for the payment of principal on March 1, 2014.
- Additional proceeds to the Administrative Expense Fund represent deposits made by the Property Owner to pay outstanding administrative expenses.
- Disbursements from the Interest Account represent payment of debt service on March 1, 2014 and September 1, 2014.
- Disbursement from the Principal Account was for the payment of principal on March 1, 2014.
- Disbursements from the Administrative Expense fund were for the payment of administrative expenses.

The table below shows the approximate rate of return on the investments. Investments not in investment contracts are invested in money market funds currently earning approximately 0.00 percent.

If the amount on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement as a result of investment earnings credited to the Debt Service Reserve Fund or valuation of securities in which money in the Debt Service Reserve Fund are invested, the trustee shall transfer such excess to the Bond Fund Interest Account or upon a written request of the Authorized Authority Representative to the Administrative Expenses Fund.

**Table B**  
**Rates of Return**

Account	Rate of Return
Project Account	0.00%
Reserve Fund	0.00%
Admin Expense Fund	0.00%

**Bonds Outstanding**

On October 18, 2011, the CDA authorized the redemption of Bonds using the remaining proceeds in the Project Fund. Accordingly, the Trustee transferred \$14,570,000 from the Project Fund to the Bond Fund Principal Account to reduce the total amount of Bonds outstanding. Additionally, the Trustee made sinking fund payments on March 1, 2012, March 1, 2013, and March 1, 2014 in the amount of \$100,000, \$106,000 and \$113,000, respectively. Additionally, the sinking fund payment due on March 1, 2015 is expected to be made from proceeds currently deposited in the Revenue Fund as of January 12, 2015. Table C shows the Series A and Series B Bonds outstanding as of 2015 Tax Year.

**Table C**  
**Bonds Outstanding**

	Series A Bonds	Series B Bonds	Total
Bonds outstanding as of October 25, 2011	\$5,305,000	\$15,220,000	\$20,525,000
Bonds redeemed on October 26, 2011	(\$3,766,000)	(\$10,804,000)	(\$14,570,000)
Sinking fund Principal payment March 1, 2012	(\$26,000)	(\$74,000)	(\$100,000)
Sinking fund Principal payment March 1, 2013	(\$28,000)	(\$78,000)	(\$106,000)
Sinking fund Principal payment March 1, 2014	(\$29,000)	(\$84,000)	(\$113,000)
Sinking fund Principal payment March 1, 2015	(\$32,000)	(\$90,000)	(\$122,000)
<b>Principal outstanding for the 2015 Tax Year</b>	<b>\$1,424,000</b>	<b>\$4,090,000</b>	<b>\$5,514,000</b>

**Reduction in Special Assessments and Principal Portion of Special Assessments**

As reported in the 2014 Tax Year Special Assessment Report, the aggregate Special Assessments of the district for the 2014 Tax Year was equal to \$14,059,832. Table D on the following page shows the reduction in Special Assessments and the outstanding Special Assessments for the 2015 Tax Year.

**Table D**  
**Reduction in Special Assessments**

<b>Tax Parcel Number</b>	<b>2014 Special Assessments</b>	<b>Special Assessments Reduction</b>	<b>2015 Special Assessments Outstanding</b>
64-A-12	\$10,890,475	(\$417,062)	\$10,473,413
64-A-10	\$3,136,618	(\$120,120)	\$3,016,498
63-A-150	\$32,739	(\$1,254)	\$31,486
<b>Total</b>	<b>\$14,059,832</b>	<b>(\$538,436)</b>	<b>\$13,521,396</b>

As shown in Table D above, the aggregate Special Assessments in the 2014 Tax Year was equal to \$14,059,032. The Annual Installment of Special Assessments due in the 2014 Tax Year was equal to \$538,436. Accordingly, the aggregate Special Assessments outstanding for the 2015 Tax Year is equal to \$13,521,396 (\$14,059,032 - \$538,436 = \$13,521,396), as shown in Appendix A attached herein.

As reported in the 2014 Tax Year Special Assessment Report, the aggregate Principal Portion of Special Assessments of the district for the 2014 Tax Year was equal to \$5,636,000. Table E shows the reduction in the Principal Portion of Special Assessments and the outstanding Principal Portion of Special Assessments for the 2015 Tax Year.

**Table E**  
**Reduction in Principal Portion of Special Assessments**

<b>Tax Parcel Number</b>	<b>2014 Principal Portion of Special Assessments</b>	<b>Principal Reduction</b>	<b>2015 Principal Portion of Special Assessments Outstanding</b>
64-A-12	\$4,365,537	(\$94,499)	\$4,271,038
64-A-10	\$1,257,339	(\$27,217)	\$1,230,122
63-A-150	\$13,124	(\$284)	\$12,840
<b>Total</b>	<b>\$5,636,000</b>	<b>(\$122,000)</b>	<b>\$5,514,000</b>

As shown in Table E above, the aggregate outstanding Principal Portion of Special Assessments in the 2014 Tax Year was equal to \$5,514,000. A principal payment in the amount of \$122,000 was collected as part of the 2014 Annual Installment of Special Assessments. Accordingly, the aggregate Principal Portion of Special Assessments outstanding for the 2015 Tax Year is equal to \$5,514,000 (\$5,636,000 - \$122,000 = \$5,514,000), as shown in Appendix A attached herein.

**Reallocation of Special Assessments**

According to the Rate and Method of Apportionment (the “RMA”), upon the subdivision of any parcel, the special assessment (including the Principal Portion of the Special Assessment) of the parcel prior to the subdivision is to be reallocated to each new parcel in proportion to the Equivalent Units of each new parcel and the Special Assessment for the parcel prior to the subdivision. The reapportionment of the Principal Portion of the Special Assessment is represented in the following formula:

$$A = B \times (C \div D)$$

Where the terms have the following meanings:

A = the Special Assessment for the parcel;

- B = the Special Assessment of the Parcel prior to the subdivision;
- C = the Equivalent Units of a Parcel; and
- D = the sum of the Equivalent Units for all of the new Parcels of Assessed Property that result from the subdivision.

According to the Frederick County Assessor’s Office, the three original CDA tax parcels have not been subdivided. As result, there will be no reapportionment of the Principal Portion of the Special Assessment and the Special Assessment for the 2015 Tax Year. The Principal Portion of the Special Assessment and the Special Assessment for each of the CDA parcels is shown in Appendix A-2 attached hereto.

**Annual Revenue Requirement**

An Annual Installment of Special Assessments is to be collected from each parcel of assessed property within the CDA (except those parcels for which the Principal Portion of the Special Assessment has been prepaid) each year in an amount equal to the “Annual Revenue Requirement.” According to the RMA for the Russell 150 Community Development Authority, the Annual Revenue Requirement, for any tax year, is equal to the sum of: (i) debt service on the Bonds to be paid from the Annual Installments; (ii) periodic costs associated with such Bonds, including but not limited to, rebate payments and credit enhancement on the Bonds; (iii) administrative expenses; less (iv) any credits applied under the bond indenture, such as interest earnings on any account balances; and (v) any other funds available to the CDA that may be applied to the Annual Revenue Requirement.

Table F below shows the calculation of debt service due in the 2015 Tax Year. As shown in the table below, available funds and investment income are not sufficient to cover debt service for the 2015 Tax Year. As a result, the Annual Revenue Requirement for the 2015 Tax Year is \$538,073.

**Table F**  
**Annual Revenue Requirement**  
**2014 Tax Year**

Debt Service:	
Interest Payment, September 1, 2015	\$181,962
Interest Payment, March 1, 2016	\$181,962
Principal Payment, March 1, 2016	\$129,000
Total Debt Service	\$492,924
Administrative Expenses	\$45,149
<i>Sub-Total Expenses</i>	\$538,073
<i>Available Fund</i>	
Available Balance in Interest Account	\$0
Debt Service Reserve Fund investment income	\$0
<i>Sub-Total available funds</i>	\$0
<b>Annual Revenue Requirement for 2015</b>	<b>\$538,073</b>

*Debt Service*

Debt service includes interest on the Bonds payable on September 1, 2015 and March 1, 2016. Each semi-annual interest payment on the Bonds is \$181,962 and is equal to a coupon rate of 6.60 percent on an aggregate outstanding principal balance of \$5,514,000. There is a principal payment in the amount of \$129,000 due on March 1, 2016. As a result, total debt service due on the Bonds for the 2015 Tax Year is \$492,924.

*Administrative Expenses*

Administrative expenses include the trustee, the administrator, and other administrative expenses for services related to the district. The estimated expenses for CDA operations in the 2015 Tax Year are shown in Table G.

**Table G**  
**Estimated Expenses for CDA Operations**  
**2015 Tax Year**

Trustee	\$3,000
Arbitrage rebate report	\$1,250
Administrator	\$15,000
Miscellaneous (CDA meetings, CDA counsel, tax returns, audit, insurance, and other unanticipated administrative expenses)	\$25,899
<b>Total Administrative Expenses 2015 Tax Year</b>	<b>\$45,149</b>

*Debt Service Reserve Fund Investment Income*

As of November 31, 2014, the proceeds in the Debt Service Reserve Fund were fully exhausted in order to pay debt service as a result of the non-payment of Special Assessments. As a result, there is no investment income anticipated to be available to pay debt service or administrative expenses in the 2015 Tax Year.

The original Debt Service Reserve Fund requirement was equal to \$1,702,050. The Debt Service Reserve Fund requirement must be recalculated based on the total amount outstanding due to Bond redemption in the amount of \$14,570,000. Pursuant to Indenture of Trust, the Debt Service Reserve Fund requirement is equal to the lesser of (i) 10 percent of original stated bond amount, (ii) maximum annual debt service, and (iii) average annual debt service multiplied by 125 percent. The estimated revised Debt Service Reserve Fund requirement is equal to \$493,976, which is equal to maximum annual debt service.

**The Annual Installment**

According to the Rate and Method of Apportionment, the Annual Installment on each parcel shall be equal to the Annual Installment Rate multiplied by the Principal Portion of the Special Assessment for each assessed parcel. The total of the Annual Installments on all assessed parcels is to be equal to the Annual Revenue Requirement, which was explained in the previous section. The Annual Revenue Requirement as shown above is \$538,073. Accordingly, and as shown in the Assessment Roll attached hereto as Appendix A-2, the total Annual Installment to be collected during 2015 is equal to \$538,073.

*Annual Installment Rate*

According to the Rate and Method of Apportionment, the Annual Installment Rate is equal to the Annual Revenue Requirement divided by the aggregate Principal Portion of the Special Assessment. The Annual Revenue Requirement is \$538,073. The aggregate Principal Portion of the Special Assessment is equal to \$5,514,000. Accordingly, the Annual Installment Rate is equal to 9.76 percent ( $\$538,073 \div \$5,514,000 = 9.76\%$ ). The Annual Installment Rate is multiplied by the Principal Portion of the Special Assessment for each assessed parcel to determine the Annual Installment for each assessed parcel. The Principal Portion of the Special Assessments, the Annual Installment Rate and the Annual Installment to be collected in 2015 Tax Year on all the tax parcels in the CDA is shown in Table H.



**Table H**  
**Annual Installment**

<b>Tax Parcel Number</b>	<b>Principal Portion of Special Assessment</b>	<b>Installment Rate</b>	<b>Annual Installment</b>
64-A-12	\$4,271,038	9.76%	\$416,781
64-A-10	\$1,230,122	9.76%	\$120,039
63-A-150	\$12,840	9.76%	\$1,253
<b>Total</b>	<b>\$5,514,000</b>		<b>\$538,073</b>

**Assessment Roll**

The assessment rolls; attached hereto as Appendix A-1 and A-2, includes the parcels in the CDA, the Special Assessment, the Principal Portion of Special Assessment and Annual Installment for each assessed parcel.

Appendix A-1 of the Assessment Roll shows the revised amortization schedule calculated pursuant to the restructuring agreement executed on May 13, 2013 by the CDA, Property Owner, County, and the Trustee.

Appendix A-2 of the Assessment Roll shows the recalculation of the revised Special Assessments and Principal Portion of Special Assessments. A pro-rated portion of the recalculated Special Assessments and Principal Portion of Special Assessments has been allocated to each parcel on the basis of the 2012 tax year Principal Portion of Special Assessments previously allocated to each parcel.

Russell 150 Community Development Authority  
Frederick County, Virginia

Appendix A-1

Revised Special Assessment Roll - 2015

Assessments Due	Principal	Interest	Reimbursement to the Bondholder	Administrative Expenses	Annual Installment	Annual Installment Reduction	Annual Installment to be Collected
2015	\$129,000	\$363,924	\$0	\$45,149	\$538,073		\$538,073
2016	\$137,000	\$355,410	\$0	\$45,852	\$538,262		
2017	\$147,000	\$346,368	\$0	\$46,569	\$539,937		
2018	\$157,000	\$336,666	\$0	\$47,300	\$540,966		
2019	\$167,000	\$326,304	\$0	\$48,046	\$541,350		
2020	\$177,000	\$315,282	\$0	\$48,807	\$541,089		
2021	\$188,000	\$303,600	\$0	\$49,583	\$541,183		
2022	\$201,000	\$291,192	\$500,000	\$50,375	\$1,042,567		
2023	\$215,000	\$277,926	\$500,000	\$51,183	\$1,044,109		
2024	\$229,000	\$263,736	\$500,000	\$52,006	\$1,044,742		
2025	\$243,000	\$248,622	\$500,000	\$52,846	\$1,044,468		
2026	\$260,000	\$232,584	\$62,053	\$53,703	\$608,340		
2027	\$277,000	\$215,424	\$0	\$54,577	\$547,001		
2028	\$296,000	\$197,142	\$0	\$55,469	\$548,611		
2029	\$315,000	\$177,606	\$0	\$56,378	\$548,984		
2030	\$337,000	\$156,816	\$0	\$57,306	\$551,122		
2031	\$358,000	\$134,574	\$0	\$58,252	\$550,826		
2032	\$382,000	\$110,946	\$0	\$59,217	\$552,163		
2033	\$406,000	\$85,734	\$0	\$60,201	\$551,935		
2034	\$434,000	\$58,938	\$0	\$61,205	\$554,143		
2035	\$459,000	\$30,294	\$0	\$62,229	\$551,525		
<b>Total</b>	<b>\$5,514,000</b>	<b>\$4,829,088</b>	<b>\$2,062,053</b>	<b>\$1,116,253</b>	<b>\$13,521,396</b>	<b>\$0</b>	<b>\$538,073</b>

Russell 150 Community Development Authority  
Frederick County, Virginia.

Appendix A-2

Revised Special Assessment Roll – 2015

<b>Tax Parcel Number</b>	<b>Outstanding Special Assessment</b>	<b>Outstanding Principal Portion of Special Assessment</b>	<b>2015 Annual Installment</b>
64-A-12	\$10,473,413	\$4,271,038	\$416,781
64-A-10	\$3,016,498	\$1,230,122	\$120,039
63-A-150	\$31,486	\$12,840	\$1,253
<b>Total</b>	<b>\$13,521,396</b>	<b>\$5,514,000</b>	<b>\$538,073</b>